

Delegated decision report

DECISION UNDER DELEGATED POWERS

DECISION CANNOT BE TAKEN BEFORE WEDNESDAY, 25 JANUARY 2012

Title: **APPROVAL OF THE ECONOMIC DEVELOPMENT DELIVERY ACTION PLAN 2011/12 – 2013/14**

Report to: **THE LEADER OF THE COUNCIL AND CABINET MEMBER FOR RESOURCES**

EXECUTIVE SUMMARY

1. Members are asked to adopt a revised Economic Development Delivery Action Plan for the period 2011/12 to 2013/14 for improving the economic wellbeing of the Island.
2. The plan sets out the headline actions for the council to take in the key areas of business, places, people, climate change, super fast broadband and tourism in order to secure improvements in the Island's overall economic wellbeing. It also highlights the headline economic indicators where the Island falls behind mainland comparators and which it seeks to improve in order to close the 'gap' in this economic performance.
3. The important role of the business sector as the main driver of economic growth is recognised in the report and the proposed action plan. The business sector has had an opportunity to contribute to the development of the plan and to suggest how the council should work with business in the future to promote the economic growth of the Island. Although no firm conclusions have been developed a proposal for an Island business alliance will not be pursued. The council will undertake further work with businesses and key representative bodies, such as the Isle of Wight Chamber of Commerce Tourism and Industry and the Federation of Small Businesses, to identify how best to continue to engage and support the private sector.
4. Economic development remains an area in which the council, in partnership with businesses and key representative bodies, will continue to develop proposals and ideas to address the challenges facing the Island. As the budget report to Cabinet on 13 December 2011 set out, it is expected that much of the council's proposed investment for 2012/13 will contribute to addressing its corporate objective of *Regeneration & the Economy*. It is proposed to make one-off investments in economic projects, by making use of the net saving (underspend) which the council is set to achieve in the 2011/12 financial year. A number of projects are already in development and more initiatives may be developed once the scale of this net saving becomes clear.

BACKGROUND

5. The Island's economic strategy was considered and approved by the council in June 2008. An action plan to deliver the aspirations of this strategy was subsequently prepared and then approved by Cabinet in March 2009.
6. The original action plan was intended as a short term document to guide a significant increase in the council's activity in support of the overall economic well being of the Island. It was prepared with a view to it being refreshed to account for changing economic circumstances, completed actions within the plan and its impact as a whole. The plan covered six priority areas of economic activity:
 - Business – support and investment;
 - Places – securing the availability of employment land;
 - People – developing the skills of the Island's workforce;
 - Tackling climate change – securing the Island's position as a focus for renewable energy research and production;
 - Securing super-fast broadband for the whole Island;
 - Developing a 21st century tourism offer.
7. 90% of the actions set out in the original action plan have been completed by the council and its partners. Those actions not able to be completed were mainly because of issues beyond the council's control. The following list shows some of the notable successes:
 - Development and promotion of an inward investment brochure, marketing the Island's unique offer to the renewable energy sector.
 - Establishing a reliable process for initiating and following up inward investment enquiries and providing support to local businesses.
 - Identification of sufficient employment land in the Island's Core Strategy (Local Development Framework) to meet the assessed future economic needs of the Island.
 - Development of a fully costed proposition with the offer of private sector support for the Solent Offshore Energy Centre (SOEC) as a national centre for research, development and production of energy from tidal power.
 - Development of a proposal to be submitted to the Government's Coastal Communities Fund for £1.2million to help private accommodation providers improve the quality of their offer to tourists.
 - Submission of a bid for funding to the European Regional Development Fund (ERDF) for £1m of funding to support the development of a business support organisation for the offshore renewable energy sector (Island based) to be known as the Solent Offshore Renewable Energy Consortium (SOREC) The council is hopeful this will be approved by the end of February.
 - Securing £3.2 million of Government Funding (BD:UK) towards the installation costs of superfast broadband across the Island. This requires match funding of £3 million to be provided by the council.
 - Development and initiation of a pre-apprenticeship training scheme to give a minimum of 40 young people not in education or training (NEET) basic skills training in advance of them commencing an apprenticeship. This scheme is supported by £85,000 of council funding.
 - Contributing to the development of the successful bid for, and implementation of, a business led Local Enterprise Partnership (LEP) in the Solent area – thus ensuring

that the Island has a voice in the new arrangements for overseeing sub-regional economic development initiatives, opening up funding opportunities.

- Completion of a local economic assessment and quarterly business surveys to provide a better understanding of the Island's economic drivers in order to influence future planning and direction.
- Working with South East England Development Agency (SEEDA) and the Homes and Communities Agency (HCA) on proposals for the development of employment land assets, held by these agencies, for the benefit of the Island's economy as a whole.

8. The original action plan has been a key tool in guiding the council's actions on the economy but has come to the end of its useful life. It is to be refreshed in the context of what has been achieved and of current economic pressures impacting the Island.
9. A revised Economic Development Delivery Action Plan for the period 2011/12 to 2013/14 has therefore been prepared. This seeks to build on the successes of the original plan and covers the same six priority areas of economic activity as were used in the original plan. It also establishes the framework for the council's options to increase its investment in growing the Island's economy as set out in the Medium Term Budget Strategy agreed by the Cabinet on the 13 December 2011. This strategy provides for the council to make use of the net savings (underspend) from the 2011/12 financial year to fund one-off initiatives which will support the Island's priorities in this area, as has already been agreed for the Economic Improvement Fund. Subject to the Council confirming the funding available to these projects it could:
 - 9.1 Invest £3 million in the installation of superfast broadband for the Island that will secure Government funding of £3.2 million towards these works. Set alongside the BT's recent announcements it is hoped that a minimum of 90% of premises will have access to superfast broadband by the end 2014/15.
 - 9.2 Allocate £1 million of funding, alongside £2 million funding from the private sector to secure the licences and permissions necessary to unlock the private investment required to develop the Solent Offshore Energy Centre (SOEC). This could also be complemented by funding secured through a further bid to the Regional Growth Fund (round 3).
 - 9.3 Provide new funding of £300,000 in order to tackle youth unemployment and create new employment opportunities for a minimum of 160 young people. This would be done by extending the numbers on the pre-apprenticeship scheme introduced in 2011/12, supporting new full apprenticeships for young people and a new initiative for young entrepreneurs looking to start their own businesses, supported by mentoring provided by established businesses. The council could also use this funding to organise a Jobs Fair where Island businesses can promote job and apprenticeship opportunities to local young people.
 - 9.4 Work with the tourism industry to develop a new private sector led tourist board (Destination Management Organisation) to lead the development and growth of an industry so significant to the Island's economy.
 - 9.5 Commit £500,000 of funding to encourage the Homes and Communities Agency (HCA) to prioritise its investment in and development of its employment sites on the Island over its mainland sites

9.6 Make the best use of assets such as land and property to secure investment (on appropriate terms) which secures new jobs and sustainable jobs for the Island.

10. In addition to these initiatives, there may be other schemes which the council could help facilitate and fund, on a one-off basis, to support economic growth and development. Contributions from businesses and key representative bodies and an examination of best practice across the country will be important in identifying further opportunities for the council to this end. Some of the schemes likely to be supported through the council's recently established Economic Improvement Fund will also contribute to economic wellbeing throughout the Island.
11. Given the understanding of the local economy that the council has been able to gain in the period of the original plan, the revised action plan suggests six headline economic indicators that are relevant to the Island. It is proposed that the council should use these in directing its activities to the improvement of the Island's overall economic well being. The plan goes on to suggest targets against these indicators to be achieved by the end of the plan, and over the longer term (2020). The indicators and targets are shown in Appendix 1 to this paper.
12. The measures and targets shown in Appendix 1 demonstrate critical gaps in economic performance between the Island and the mainland and use suitable benchmarks to help the setting of targets to close these gaps. Principally the performance of the geographical area covered by the Partnership for Urban South Hampshire (PUSH) is used as a benchmark as it is both a near neighbour and an economic competitor.
13. A summary of the headline actions in the plan that will be used by the council to affect these indicators and targets is shown in Appendix 2 to this paper. The detailed action plan is shown at the web link listed under the background papers section of this report.
14. Some of the actions in the plan were due for completion prior to the publication of this report. This represents the transition of some actions between plans. There is a need to retain continuity in the council's economic activities whilst matters outside of the control of the council are in development. These include, for example, the role and function of the Solent Local Enterprise Partnership (LEP).
15. The Economy and Environment Key Delivery Partnership (EEKDP) and its five theme groups (tourism, infrastructure; rural issues; the environment; and employment and skills) played an active role in monitoring and delivering the original action plan on behalf of the Island Strategic Partnership (ISP). The ISP has now been replaced by the Health and Well Being Board which does not concern itself directly with economic matters (other than their impact on an individual's overall state of well being).
16. The EEKDP provided the council with a useful forum to discuss changes in the Island's economy with key business representatives, and the actions that they and individual businesses could take in response. The governance of the EEKDP was provided by the ISP and there is now no continuing mechanism for the EEDKDP. It is important for the council to find new means for regular, constructive dialogue with Island business leaders.
17. Accordingly, the council has stated an intention in its Corporate Plan to develop a memorandum of understanding with the Isle of Wight Chamber of Commerce Tourism and Industry (CCTI), building on the tourism-based memorandum of understanding which

has been in place for the past three years. A report on this will be presented in the near future. The council also consults regularly with the Federation of Small Business (FSB) and has recently signed its Small Business Engagement Accord. An Isle of Wight business alliance was considered in conjunction with the business community but did not gain sufficient support to justify further action. The council will take a view on how best use its relationship with the CCTI and FSB to maximise two-way communication with Island businesses.

STRATEGIC CONTEXT

18. The agreement of a revised Economic Development Delivery Action Plan is consistent with the Island community strategy (Eco Island) theme of, “a thriving island”, which aspires to:
 - Create wealth whilst reducing the Island's carbon footprint;
 - Produce as much energy as possible from renewable energy sources;
 - Support economic development and regeneration, enabling everyone to share in the Island's economic success by increasing the skills of the whole community.
19. *Regeneration and the Economy* is one of the council's eight priorities in its current Corporate Plan (2011/13). The revised action plan reflects the six themes of this priority:
 - Increasing inward investment;
 - Provision of sufficient employment land;
 - Development of a skilled workforce;
 - Promotion and expansion of renewable energy activities;
 - Installation of a superfast broadband network;
 - Developing a 21st century tourism offer.
20. All of the proposed areas of activity in the revised plan also underpin the four objectives of the current Economic Strategy (2008):
 - Smart growth and increasing inward investment;
 - Sustainable prosperity;
 - A mixed economy;
 - Maximising the benefits of sustainable tourism.

CONSULTATION

21. The preparation of the plan has been informed by wide consultation and discussion with the business sector primarily through a business breakfast meeting held in 2011. This meeting debated the then proposed action plan and was broadly in favour of the approach being taken and the actions being suggested. The same meeting was not supportive of the development of an Isle of Wight Business Alliance as a link between the council and Island businesses. It did however support the concept of an annual business conference that would allow Island businesses to come together and discuss relevant economic issues with the council. This proposal will be explored further in the coming months. A summary of the feedback from this meeting is attached in appendix 3.

FINANCIAL / BUDGET IMPLICATIONS

22. There are no financial or budget implications immediately arising from the adoption of the plan. However it is likely that a number of proposals, such as those set out in paragraph 9 of this report, may be allocated funding in the forthcoming budget-setting process – or at another juncture, depending on the level of priority and urgency. The council may choose

to make additional ongoing revenue funding available as part of the budget-setting process, or alternatively make one-off funding available, drawn from the net saving (underspend) which is due to be achieved in the 2011/12 financial year. If and when any such funding is agreed and allocated, such proposals will be taken forward and delivered in a timely manner.

23. The council increased its support for the corporate priority of *Regeneration and the Economy* by £100,000 in the current financial year. This funding is being targeted to a pre-apprenticeship scheme for young people. As stated further above, there is the opportunity to further increase this investment in young people.
24. The council is being supported in the delivery of this priority by an economic development service provider, primarily funded from money provided to the council by Government under the Local Area Business Growth Incentive Scheme (LABGI) and through funding from the Regional Development Agency (SEEDA). These funds will be fully utilised by the end of February 2012 when the support of the service provider will also come to an end.

CARBON EMISSIONS

25. There are no direct implications for the council's Carbon Management Plan or its involvement with the CRC Energy Efficiency Scheme as a result of this report. If the goal of securing the Island as a centre for excellence in research, development and delivery of renewable energy technologies can be achieved however then this will have an impact in reducing the levels of carbon emissions produced by the Island as a whole.

LEGAL IMPLICATIONS

26. Section 2 of the Local Government Act 2000 provides the council with the power to do anything which it considers will improve the overall economic, social and environmental well being of the area provided that such actions are consistent with the Community Strategy. This action plan seeks to improve the economic well being of the Island.
27. Section 69 of the Local Democracy, Economic and Construction (LDEDC) Act (2009) places a duty on the council to prepare assessments of local economic conditions.

EQUALITY AND DIVERSITY

28. The council as a public body is required to meet its statutory obligations under the Equality Act 2010 to have due regard to eliminate unlawful discrimination, promote equal opportunities between people from different groups and foster good relations between people from different backgrounds. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
29. The revised Economic Development Delivery Action Plan proposed in this paper is intended to improve the overall economic well being of the Island as a whole. It is not targeted to any group of people in particular and therefore none of the identified groups will be adversely affected by the adoption of the plan. It is intended that the actions within the plan will create opportunities for private sector investment in the Island's economy that may ultimately lead to greater employment across the whole of the community

although it is impossible to draw a direct link between the actions in the plan and the creation of these opportunities for any group in particular.

SECTION 17 CRIME AND DISORDER ACT 1998

30. There are no direct implications to the council as a result of the report under Section 17 of the Crime and Disorder Act 1998 (as amended by Police and Justice Act 2006). If the council is able to improve the economic well being of the Island as a result of its actions it is possible this may be accompanied by a reduction in some categories of crime such as theft.

OPTIONS

31. The options available to the council are as follows:-
- (1) Adopt the revised Economic Development Delivery Action Plan as summarised in Appendices 1 and 2.
 - (2) Vary the revised Economic Development Delivery Action Plan as summarised in Appendices 1 and 2.
 - (3) Not adopt the revised Economic Development Delivery Action Plan as summarised in appendices 1 and 2.
 - (4) Agree to deliver any initiatives set out in paragraph 9 of this report as and when funding is allocated to support them.
 - (5) Not to agree to deliver any initiatives set out in paragraph 9 of this report as and when funding is allocated to support them.
 - (6) The Economic and Environment Key Delivery Partnership be formally wound up and the Cabinet Member work to identify a suitable alternative mechanism for the council to engage with Island businesses.
 - (7) The Economic and Environment Key Delivery Partnership be retained and serve as the council's main form of engagement with Island businesses.

RISK MANAGEMENT

32. There is a high risk that the Island will not be able to take advantage of all of the opportunities that may present themselves to improve its economic wellbeing if a planned approach is not adopted to the identification and implementation of these opportunities.
33. The risk of the Island being overlooked by potential inward investors is thought to be high. This will be mitigated if the Island through the council is able to clearly articulate its economic priorities, how it will achieve these priorities and any support that may be able to provide to inward investors to encourage them to invest and create employment on the Island.
34. This clear articulation of economic priorities is also of great importance to businesses already trading on the Island to give them the confidence to continue trading and possibly to expand. The risk of losing such businesses without this clarity of purpose and approach is very high and the impact would be felt more keenly than being overlooked by potential investors as actual jobs and employment opportunities could be lost.

EVALUATION

35. The council has made a number of explicit commitments to improving the economic wellbeing of the Island and is a key priority in its Corporate Plan. It is one of the few areas that the council allocated additional funding to in the current financial year and it plans to provide receive additional resources to in the 2012/13 financial year. These commitments do need to have some common bond to hold them together, align the activities and enable significant progress to be made in a clear and coordinated way. The Economic Development Delivery Action Plan enables this alignment and a clear structure for measuring the impact of these commitments.
36. Paragraph 9 of the report sets out a range of possible areas of investment for the council. It is clear that the delivery of all of these initiatives would be of benefit to the Island and its economy. Whilst the council may not yet be able to fund all such initiatives, there is clearly the opportunity for the prioritisation of resources as part of the budget-setting process (and at other junctures) to enable funding to be made available to support those which are considered to be a priority. By agreeing that any such initiatives can be taken forward as and when funding is allocated to them enables the council to respond in a swift manner to any budgetary decisions that enable them to take place, which will be of benefit to the Island's economy.
37. The role of business in informing and delivering the council's economic aspirations can not be understated and is well recognised by the council. The local authority has been a prime mover in ensuring that the Solent LEP is business-led with an agenda that is set by business in order to deliver growth in the private sector. The council cannot deliver such a plan without the involvement and support of its private sector partners. Their involvement in the development of the plan has been important to identify where the council and partners will allocate resources to improve the Island's economic well being. Their continued involvement in the development of initiatives to support the local economy will also be vital.
38. It is however possible that not all stakeholders will agree with the whole plan. This will essentially depend on the views that they wish to take and the information available to them. The plan does however help to inform decision making and resource allocation but is also flexible enough to allow for changes in the operating environment in which the improvements to the Island's economic wellbeing are being delivered. This should ensure that full advantage is taken of new opportunities that present themselves and which are consistent with the general direction of the plan. In the same way actions can be taken to mitigate against risks that were unforeseen at the time of the plan's drafting.
39. The Economic and Environment Key Delivery Partnership and its theme groups has had an important role to play in shaping the direction of the council's economic development activities. The emergence of the Health and Well Being Board replacing the Island Strategic Partnership would seem an appropriate moment for the council to review how and with whom it engages with from Island businesses to inform its future direction and planning for the Island's economy.
40. Not to have such a delivery plan at this challenging economic time would make the council's attempts to improve the economic wellbeing of the Island extremely uncoordinated and based on reacting to 'shocks' and opportunities rather than planning an appropriate course to deal with both in equal measure and balance.

RECOMMENDATION

41. It is recommended that options (1) , (4) and (6) be approved:

(1) Adopt the revised Economic Development Delivery Action Plan as summarised in Appendices 1 and 2.

AND

(4) Agree to deliver any initiatives set out in paragraph 9 of this report as and when funding is allocated to support them.

AND

(6) The Economic and Environment Key Delivery Partnership be formally wound up and the Cabinet Member work to identify a suitable alternative mechanism for the council to engage with Island businesses.

APPENDICES ATTACHED

[Appendix 1](#): Summary of Headline Indicators and Targets in the Economic Development Delivery Action Plan.

[Appendix 2](#): Summary of Headline Actions in the Economic Development Delivery Action Plan.

[Appendix 3](#): Summary of Feedback from the Island Business Breakfast

BACKGROUND PAPERS

- Isle of Wight council Economic Development Delivery Action Plan: 2011/12 to 2013/14; available at: -
<http://www.iwight.com/documentlibrary/download/economic-development-plan-2011-12-2013-14>
- Isle of Wight Local Economic Assessment, 2010; available at
http://www.iwight.com/council/documents/docFiles/Executive_Summary_LEA.pdf

Contact Point: John Metcalfe, Deputy Director Economic Development, Tourism and Leisure,
☎ 01983 821000 ext 6225; e-mail john.metcalfe@iow.gov.uk

STUART LOVE
*Strategic Director
The Economy and
the Environment*

COUNCILLOR DAVID PUGH
*Leader of the Isle of Wight Council &
Cabinet Member for Resources*

Decision

Signed

Date
